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POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

July 1, 2009

Hon. Steven W. Williams, Secretary
Postal Regulatory Commission
901 New York Avenue NW, Suite 200
Washington, D.C. 20268-0001

Dear Mr. Williams:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. § 3050 (2009), I have enclosed copies of the following:

- 1) Summary Description of USPS Development of Costs by Segments and Components, Fiscal Year 2008
- 2) Narrative Explanation of Econometric Demand Equations for Market Dominant Products as of November, 2008
- 3) Narrative Explanation of Econometric Demand Equations for Competitive Products as of November, 2008 (**non-public**)

These reports provide the information specified in the Commission's final rule 39 C.F.R. § 3050.60(f), which describes the information required as follows:

- (f) Succinct narrative explanations of how the estimates in the most recent Annual Compliance Determination were calculated and the reasons that particular analytical principles were followed. The narrative explanations shall be comparable in detail to that which had been provided in Library Reference 1 in omnibus rate cases processed under the Postal Reorganization Act (by July 1 of each year)

Item 1) provides the information that was provided commonly in Library Reference 1 filed in previous omnibus rate cases. As discussed in Commission Order No. 203, items 2) and 3) provide narrative explanations pertaining to the Postal Service's estimates of demand for its Market Dominant (item 2) and Competitive (item 3) products.¹

¹ Notice of Final Rule Prescribing Form and Content of Periodic Reports, Order No. 203, Docket No. RM2008-4, at 39-40 (April 16, 2009)

Items 1) and 2) may be made available to the public and posted on the Commission's public internet web site. The Postal Service considers item 3) to be commercially sensitive and should not be made public or posted on the Commission's web site.

Item 3) concerns demand equations for the Postal Service's competitive products. Please note that this document directly relates to the competitive product demand analysis materials that were provided to the Commission on January 16, 2009.² At the Postal Service's request, the Commission treated these materials as confidential information not to be disclosed to the public. Similarly, information contained in item 3), if disclosed publicly, would provide firms in competition with the Postal Service with an unwarranted advantage, and would lead to commercial harm to the Postal Service. The Postal Service accordingly believes that item 3) consists of commercial information that would not be disclosed under good business practices, and that it is exempt from mandatory disclosure, pursuant to 5 U.S.C. § 552(b)(3) and 39 U.S.C. § 410(c)(2). We should note, however, that the first 22 pages of item 3) duplicate verbatim the first 22 pages of item 2) and would not be considered commercially sensitive.

In addition to hard copies of items 1) and 2), I have enclosed a computer disk containing electronic versions of these reports. Item 3) is provided only in hard copy.

If you have any questions concerning these reports, please contact us.

Sincerely,



Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product
Support

Enclosures

cc: Ms. Taylor

² Letter from R. Andrew German, Managing Counsel, Pricing and Product Development, to Steven W. Williams, Secretary, Postal Regulatory Commission (January 16, 2009)